Maine Department of Economic and Community Development



Agency Report - 2004

The 122nd Maine Legislature

Employment Tax Increment Financing and Municipal Tax Increment Financing

October 1, 2005

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Report by TJ Tavares, Department of Economic and Community Development

I. BACKGROUND

- **A. Statute.** On April 16, 1998, "An Act to Encourage Accountability and Return on Investment for Maine Taxpayers from Economic Development Initiatives" was signed into law (see 5 MRSA §13070-J). The statute covers certain economic development incentive programs managed by the Department of Economic and Community Development ("the department") and three other state agencies.
- **B. Report Required.** 5 MRSA §13070-J(4)(D): "The department shall report by October 1st annually to the Legislature and the commission on the amount of public funds spent for the direct benefit of businesses in the State under municipal tax increment financing, employment tax increment financing and the Governor's training initiative. The report must identify the amount of economic development incentives under the jurisdiction of the department received by each employer and the public benefit resulting from those economic development incentives."
- **C. Program Management**. The department administers Employment Tax Increment Financing, and Municipal Tax Increment Financing, and, with the Maine Department of Labor (DOL), jointly manages the Governor's Training Initiative (GTI). DOL has prepared the 2004 agency report for GTI.

II. PROGRAMS

A. Employment Tax Increment Financing (ETIF). ETIF is a state economic development tool available to assist in the financing of business investment projects that create quality jobs in Maine. A company must indicate that its expansion project needs ETIF in order to proceed. Standards for quality jobs include wages that exceed the average per capita county income, and access to group health insurance, and a qualified retirement program. According to an amendment that took effect on September 21, 2001, a qualified business is one that creates quality jobs for a minimum of 5 net new employees within a two-year period.

The company withholds state income taxes for all employees and remits them to the state as it normally would. The state provides annual financing assistance (up to ten years) to the business through a partial reimbursement of those income taxes withheld from the company's qualified employees. Reimbursement rates can be as high as 75% depending on the severity of the labor market unemployment rate.

During the calendar year 2004 report period (January 1, 2004 – December 31, 2004), nineteen companies were reimbursed state income taxes for participation in the ETIF program.

B. Municipal Tax Increment Financing (TIF). TIF is a local economic development tool that permits a municipality to use all or a portion of the new property taxes that result from an investment project within a designated district to assist in that project's financing, or for other local economic development purposes. In general, the district's property tax increment may be used to directly pay for eligible project costs, often by retiring community debt from bonds issued, or business debt from loans secured.

Bonds may be issued for up to 20 years, while TIF districts may be designated for up to 30 years. The designation of a TIF district requires a public hearing and a majority vote of the

municipal legislative body. The department is responsible for reviewing all TIF proposals for statutory compliance, and issuing a letter of approval formally designating the TIF district.

During calendar year 2004 (January 1, 2004 – December 31, 2004), municipalities reported that they had reimbursed TIF revenues to 124 businesses.

III. AGENCY REPORT

A. ETIF: Amount Received by Each Employer. The twelve employers are listed by business name, primary location and reimbursement amount. (*Updated 9/28/05*)

US Felt Manufacturing Company	SaINFord	\$3,358.08
Wright-Pierce	Topsham	\$11,323.00
Eldur Corporation	Bangor	\$11,417.00
Hinckley Company	Trenton	\$20,021.00
DeLorme Publishing Company Incorporated	Yarmouth	\$20,552.00
Energy East Management Corporation	Ithaca, NY	\$23,113.00
Pleasant River Lumber Company	Dover-Foxcroft	\$26,518.00
Lanco Assembly Systems	Westbrook	\$26,890.00
J.S. McCarthy Company Incorporated	Augusta	\$28,930.00
New Balance Athletic Shoe	Norway	\$31,567.00
Cousineau Wood Products	North Anson	\$40,982.00
Seligman Data Corporation	South Portland	\$41,824.00
Putnam Investments	Waterville	\$46,303.00
Maine Woods Company, LLC	Portage Lake	\$57,718.00
Blue Rock Industries	Westbrook	\$60,285.00
ATX Forms	Caribou	\$67,100.00
Katahdin Paper Company, LLC	Millinocket	\$481,362.00
Nexfor Fraser Papers	Madawaska	\$481,362.00
	Total:	\$1,480,628.00

B. TIF: Amount Received by Each Business. During calendar year 2004, one hundred and sixteen companies where reimbursed local property taxes from municipalities under the TIF program. They are listed by business name, primary location and reimbursement amount as reported by the business.

10-16-63 Corp. (aka The Highlands)	Topsham	\$226,279.61
Acadia Insurance Company	Westbrook	\$72,815.00
Auto Europe, LLC	Portland	\$91,631.96
Bath Iron Works	Bath	\$4,971,071.00
Big Water Realty	Ballston Spa, NY	\$6,924.73
Blue Rock Industries	Westbrook	1,442,205.00
Bowdoin Mill Associates	Portland	\$23,092.00
Bramhall Partners, LP	Portland	\$34,027.51
Brewer Automotive Components	Brewer	\$145,908.95
Bucksport Energy LLC (aka International Paper)	Bucksport	\$523,394.00
Butler Brothers Supply Division, Incorporated	Lewiston	\$23,081.94
C.V. Diagnostics	Waterville	\$7,847.36
Casco Bay Energy Co.	Veazie	\$543,514.15

Central Topsham Associates	Topsham	\$148,321.17
CMJ Inc.	Gorham	\$4,732.33
Coastal Metal Fabrication	Topsham	\$13,304.00
Coffey Hill	Brewer	\$17,895.59
Commercial Place, LLC	Scarborough	\$37,355.91
Condyne- Jordan	Portland	\$18,893.00
D&G Machine Products, Incorporated	Westbrook	\$93,188.00
DeLorme Publishing Company, Incorporated	Yarmouth	\$126,147.00
Diamond Phoenix Corporation	Lewiston	\$64,950.02
Dingley Press	Lisbon	\$328,585.00
Dragon Products Company, Incorporated	Portland	\$259,644.00
Durastone	South Portland	\$45,255.00
Edwards Systems Technology	Pittsfield	\$66,560.00
Ellis and Guerrette, LLC	Bangor	\$3,465.71
Enercon Technologies	Gray	\$63,059.00
Enterprise Electric, Incorporated	Lisbon Falls	\$12,480.00
Fairchild Semiconductor Corporation	South Portland	\$123,222.89
Fisher Engineering	Rockland	\$59,828.68
Fleet National Bank	Hartford	\$28,107.00
Flemish Master Weavers	SaINFord	\$57,829.00
Foreside Company	Gorham	\$27,669.52
Formed Fiber Technologies	Auburn	\$28,854.69
Formtek, Incorporated	Clinton	\$46,317.87
Franklin Property Trust	Lewiston	\$34,505.00
Furniture Superstore	Lisbon	\$23,750.00
General Electric Company	Bangor	\$1,280,985.00
Gushee Enterprises	Gorham	\$13,628.10
Hampstead Associates	Portland	\$18,157.56
Harper's II, LLC	Winthrop	\$27,088.00
Harper's West, LLC	Winthrop	\$9,094.02
Highland Green	Topsham	\$226,675.00
Hodgdon Yachts, LLC	East Boothbay	\$7,248.00
Huhtamki Packaging	Waterville	\$230,990.00
Interface Fabrics Group, Inc.	Guilford	\$302,339.20
International Baking Corporation	Biddeford	\$154,741.00
International Paper Company	Jay	\$2,857,468.00
International Paper-Bucksport Mill	Bucksport	\$163,475.00
Interstate Brands Corporation	Biddeford	\$172,231.00
J.S. McCarthy Company, Inc.	Augusta	\$27,512.69
Joy & David McCrum Farms	Mars Hill	\$20,271.20
JVW Hotels	Portland	\$34,042.74
Katahdin Paper Company, LLC	Millinocket	\$1,820,970.91
Lanco Assembly Systems	Westbrook	\$25,375.00
LePage Bakeries	Auburn	\$22,964.36
L.L. Bean Inc.	Freeport	\$170,069.00
Long Creek Properties, LLC	Portland	\$62,832.00
M & M Associates	Oakland	\$12,415.00
Madison Paper Industries	Madison	\$244,880.94
Maine General Retirement Community	Augusta	\$188,898.00
•	Portage Lake	\$86,742.09
Maine Woods Company, LLC	Portage Lake	\$86,742.09

McCain Foods USA, Inc.	Lisle, IL	\$1,021,033.00
ME Course Hospitality	Freeport	\$18,282.38
Millrock Inc.	Kennebunk	\$25,714.88
Montalvo Corporation	Gorham	\$29,187.90
National Semiconductor Corporation	South Portland	\$1,965,422.00
NEMI Publishing Company, Inc.	Farmington	\$23,843.94
NEPW Logistics, Inc.	Mechanic Falls	\$30,499.00
Nestle Water North America Inc.	Greenwich, CT	\$985,994.00
Nichols-Portland	Portland	\$354,441.96
NRF Distributors, Inc.	Augusta	\$59,918.30
ODAT Realty Holdings, Inc.	Gorham	\$3,807.00
Old Town Canoe Company	Old Town	\$74,290.45
Olson Bierman Properties	Lamoine	\$4,247.87
Olympia Sports	Westbrook	\$75,928.00
Pegasus Broadcast Television	Westbrook	\$16,739.51
Pine State Trading Company	Augusta	\$109,168.00
Pittsfield Woolen Yarns	Pittsfield	\$10,130.00
Pleasant River Lumber Company	Dover-Foxcroft	\$81,065.00
Pratt & Whitney Aircraft	North Berwick	\$156,841.00
R&V Industries	SaINFord	\$20,898.25
RGM Hampden, LLC	Presque Isle	\$20,680.00
Robert Rosenthal, et al*	Brunswick	\$69,924.80
RPM Realty, LLC	Orrs Island	\$27,349.00
Rumford Power Assocaites	Rumford	\$1,564,009.00
S.D. Warren Company	Skowhegan	\$332,078.00
Saco Plaza, LLC	Saco	\$34,603.00
Sanderson Development LLC	Freeport	\$15,411.13
Sensor Research & Development Corporation	Orono	\$87,976.00
Shipyard Brewing Company	Portland	\$58,137.43
SK Drive, LLC	Augusta	\$650,000.00
Smith & Wesson Corporation	Houlton	\$40,412.50
Specialty Minerals Corporation	Glenburn	\$105,897.00
Steag Hamatech	Saco	\$14,585.00
Stratton Lumber, Inc.	Stratton	\$30,041.00
Sysco Food Services of NNE	Westbrook	\$87,615.00
T & T Development, LLC	South Portland	\$4,366.00
Talaria Company, LLC	Southwest Harbor	\$49,156.64
Tambrands, Inc.	Auburn	938,719.00
The Woodlands	Waterville	\$36,528.99
Tom's of Maine	Kennebunk	\$28,133.71
Transformit	Gorham	\$5,841.62
Transparent Audio	Saco	\$4,224.00
Trans-Tech Industries, Inc.	Brewer	\$46,787.91
Unum-Provident Corporation	Portland	\$1,021,209.36
US Felt Manufacturing Company	SaINFord	\$20,848.76
Village Candle, Inc.	Topsham	\$30,383.00
Volk Packaging Corporation	Biddeford	\$94,220.00
Waterville Commons Associates, LLC	Akron	\$145,670.73
Wausau Papers-Otis Mill, Inc.	Jay	\$429,263.00
West Falmouth Development, LLC	Portland	\$248,355.00
west rannoun Development, LLC	1 01 manu	φ440,000.00

Westbrook Energy Center	Westbrook	\$1,615,462.00
Woodlands of Brewer	Waterville	\$35,937.00
ZF Lemforder Corporation	Brewer	\$177,376.00
	Total:	\$36,629,165.29

B. ETIF: Public Benefit from Incentives. ETIF is a quality job creation program. The chart below, (derived from reports submitted by ETIF employers that received more than \$10,000 in calendar year 2004), provides examples of the public benefit resulting from this economic development incentive. These include: employment levels in 2003 and 2004, the average wages paid, employee access to health and retirement benefits (HRB), jobs created because of the incentive (JC), capital investments (CI), and training investments (TI).

Name	2003	2004	Avg. Wage	HRB	JC	CI	TI
ATX Forms	253	294	\$41,020.00	yes	41	\$745,176.00	\$237,000.00
Blue Rock Industries	116	98	\$50,926.00	yes	-18	\$0.00	\$0.00
Cousineau Wood Products	48	83	\$41,389.00	yes	35	\$236,500.00	\$300,000.00
DeLorme Publishing Company	123	140	\$47,182.00	yes	17	\$800,000.00	\$98,266.00
Eldur Corporation	23	25	\$32,916.00	yes	2	\$344,693.00	\$0.00
Energy East Management Corp.	IINF	IINF	\$47,363.00	yes	IINF	\$0.00	\$0.00
Hinckley Company	IINF	IINF	IINF	IINF	IINF	IINF	IINF
J.S. McCarthy Company, Inc.	187	182	\$37,534.00	yes	-5	\$1,061,753.00	\$100,000.00
Katahdin Paper Company	431	558	\$43,989.00	yes	127	\$7,870,000.00	\$0.00
Lanco Assembly Systems	74	66	\$52,380.00	yes	-8	\$37,593.00	\$8,200.00
Maine Woods Company, LLC	67	64	\$37,087.00	yes	-3	\$305,286.00	\$33,974.00
New Balance Athletic Shoe	930	898	\$29,567.00	yes	-32	\$2,934,849.00	\$50,784.00
Fraser Papers	866	824	\$39,414.00	yes	-42	\$3,111,359.00	\$0.00
Pleasant River Lumber Company	88	90	\$34,226.00	yes	2	\$1,788,956.00	\$0.00
Putnam Investments	90	175	\$45,112.00	Yes	85	\$0.00	\$0.00
Seligman Data Corporation	87	79	\$41,739.00	yes	-8	\$0.00	\$0.00
US Felt Manufacturing Co.	37	27	IINF	yes	-10	\$39,906.00	\$8,625.00
Wright-Pierce	94	98	\$54,197.00	yes	4	\$324,000.00	\$157,000.00

IINF=Not filed

D. TIF: Public Benefit from Incentives. TIF is a program designed to encourage business investments, since no funds can be reimbursed to employers until first, sizable investments are made in personal property and real estate resulting in an increase in overall municipal valuation, and second, taxes are paid by the business on the new value. The chart below, (derived from reports submitted by employers that received more than \$10,000 in calendar year 2004), provides examples of the public benefit resulting from the TIF economic development incentive. These include: employment levels in 2003 and 2004, the average wages paid, employee access to health and retirement benefits (HRB), jobs created due to the incentive (JC), and capital investments (CI), and training investments (TI) made during calendar year 04.

NAME	2003	2004	AVG. Wage	HRB	JC	Cap. Inv	Training Inv
10-16-63 Corporation	94.00	92.00	\$ 39,710.00	YES	-2.00	\$ 1,689,976.25	\$ 10,000.00
Acadia Insurance Company	175.00	177.00	IINF	IINF	2.00	\$ 505,380.00	\$ -
Auto Europe, LLC	213.00	226.00	\$ 35,185.00	YES	13.00	\$ 415,000.00	\$ 50,000.00
Bath Iron Works Corporation	6755.00	6308.00	\$ 45,316.00	YES	-447.00	\$13,195,490.00	\$ 743,013.00
Big Water Realty	IINF	IINF	IINF	IINF	IINF	IINF	IINF
Blue Rock Industries	116.00	98.00	\$ 50,926.00	YES	-18.00	IINF	IINF
Bowdoin Mill Associates	IINF	IINF	IINF	IINF	IINF	\$ 169,669.00	\$ -
Bramhall Partners, LLC	IINF	IINF	IINF	IINF	IINF	\$ -	\$ -
Brewer Automotive Components	IINF	IINF	IINF	IINF	IINF	IINF	IINF
Bucksport Energy, LLC	2.00	2.00	\$100,533.00	YES	0.00	\$ -	\$ -
Butler Brothers Supply Division	IINF	30.00	\$ 51,578.00	YES	IINF	\$ -	\$ -
C.V. Diagnostics	IINF	IINF	IINF	IINF	IINF	IINF	IINF
Casco Bay Energy Co.	IINF	IINF	INF	INF	INF	INF	INF
Central Topsham Associates	31.00	31.00	\$ 33,194.00	YES	0.00	\$10,685,134.00	\$ 10,000.00
CMJ Incorporated	INF	INF	INF	INF	INF	INF	INF
Coastal Metal Fab	37.00	41.00	\$ 31,365.00	YES	4.00	\$ 335,004.00	\$ -
Coffee Hill	INF	INF	INF	INF	INF	INF	INF
Commercial Place, LLC	INF	INF	INF	INF	INF	INF	INF
Condyne- Jordan	INF	INF	INF	INF	INF	INF	INF
D&G Machine Products, Inc.	74.00	96.00	\$ 45,781.00	YES	22.00	\$ 1,165,861.00	\$ 209,590.00
DeLorme Publishing Compa	123.00	140.00	\$ 47,182.00	yes	17.00	\$ 800,000.00	\$ 98,266.00
Diamond Phoenix Corporation	81.00	81.00	\$ 46,620.00	INF	0.00	\$ -	\$ -
Dingley Press	476.00	483.00	\$ 38,093.00	YES	7.00	\$ 6,799,875.00	\$ 18,188.00
Dragon Products Company, Inc.	187.00	187.00	\$ 41,945.00	YES	0.00	\$28,219,403.00	\$ 5,827.00
Durastone	INF	INF	INF	INF	INF	INF	INF
Edwards System Technology	INF	INF	INF	INF	INF	INF	INF
Ellis and Guerrett, LLC	INF	INF	INF	INF	INF	INF	INF
Enercon Technologies	54.00	55.00	\$ 35,247.00	YES	1.00	\$ -	\$ -
Enterprise Electric, Inc.	29.00	26.00	\$ 47,282.00	YES	-3.00	\$ 68,651.00	\$ 9,951.00
Fairchild Semiconductor Corp.	1091.00	1021.00	\$ 65,815.00	YES	-70.00	\$31,322,788.00	\$ 625,187.71
Fine Flooring	INF	INF	INF	INF	INF	INF	INF
Fisher Engineering	185.00	189.00	\$ 41,329.00	YES	4.00	\$ 434,417.00	\$ 159,649.00
Fleet National Bank	INF	INF	INF	INF	INF	INF	INF
Flemish Master Weavers	54.00	55.00	\$ 26,585.00	YES	1.00	\$ 229,895.00	\$ -
Foreside Company	68.00	70.00	\$ 29,007.00	YES	2.00	\$ 420,000.00	\$ 122,840.00
Formed Fiber Technologies	385.00	364.00	\$ 42,877.00	YES	-21.00	\$ 3,939,312.00	\$ 50,582.00
Formtek, Incorporated	96.00	109.00	INF	YES	13.00	\$ 23,395.50	\$ -
Franklin Property Trust	INF	INF	INF	INF	INF	INF	INF
Furniture Superstore	INF	INF	INF	INF	INF	INF	INF
General Electric Company	710.00	684.00	\$ 53,131.00	YES	-26.00	\$ 2,570,000.00	\$ 300,000.00
Gushee Enterprises	INF	INF	INF	INF	INF	INF	INF
Hampstead Associates	0.00	0.00	\$ -	\$0.00	0.00	\$ -	\$ -
Harper's II, LLC.	0.00	0.00	\$ -	\$0.00	0.00	\$ -	\$ -
Harper's West, LLC	0.00	0.00	\$ -	\$0.00	0.00	\$ -	\$ -
Hodgdon Yachts, LLC	77.00	72.00	\$ 40,789.00	YES	-5.00	\$ 126,189.00	\$ 40,109.00
Huhtamaki Packaging	443.00	437.00	\$ 43,203.00	YES	-6.00	\$ 3,800,000.00	\$ 35,000.00

Hussey Seating Company	274.00	249.00	\$ 46,836.00	YES	-25.00	\$ 815,836.00	\$ 43,867.00
Interface Fabrics Groups, Inc.	544.00	531.00	\$ 23,809.00	YES	-13.00	\$ 4,252,427.00	\$ 116,870.00
International Baking Corporation	INF	INF	INF	INF	INF	INF	INF
International Paper Company	1147.00	1107.00	\$ 62,580.00	YES	-40.00	\$60,455,255.00	\$ 112,046.00
International Paper-Bucksport	832.00	810.00	\$ 66,875.00	YES	-22.00	\$17,439,483.00	\$1,088,729.00
Interstate Brands Corporation	817.00	759.00	\$ 42,957.00	YES	-58.00	\$ 1,594,416.00	\$ 398,866.00
J.S. McCarthy Company, Inc.	187.00	182.00	\$ 36,695.00	YES	-5.00	\$ 1,061,753.00	\$ 100,000.00
Joy & David McCrum Farms	40.00	43.00	\$ 17,209.00	YES	3.00	\$ 1,409,334.00	\$ -
JVW Hotels	INF	INF	INF	INF	INF	INF	INF
Katahdin Paper Company, LLC	431.00	558.00	\$ 43,989.00	YES	127.00	\$ 7,870,000.00	\$ -
Lanco Assembly Systems	74.00	66.00	\$ 52,380.00	YES	-8.00	\$ 37,593.00	\$ 8,200.00
LePage Bakeries	320.00	320.00	INF	YES	0.00	\$ 4,330,000.00	\$ 11,925.00
L.L. Bean Incorporated	3549.00	3660.00	\$ 38,079.00	YES	111.00	\$37,370,000.00	\$9,230,966.00
Long Creek Properties, LLC	INF	INF	INF	INF	INF	INF	INF
M & M Associates	8.00	8.00	INF	INF	0.00	\$ -	\$ -
Madison Paper Industries	258.00	258.00	\$ 57,965.00	YES	0.00	\$ 2,986,000.00	\$ 104,667.00
MaineGeneral Retirem	0.00	0.00	\$ -	\$0.00	0.00	\$ -	\$ -
Maine Woods Company, LLC	67.00	64.00	\$ 37,087.00	YES	-3.00	\$ 305,286.00	\$ 33,974.00
McCain Foods USA, Inc.	INF	INF	INF	INF	INF	INF	INF
ME Course Hospitality	INF	INF	INF	INF	INF	INF	INF
Millrock Inc.	INF	INF	INF	INF	INF	INF	INF
Montalvo Corporation	32.00	32.00	\$ 44,099.00	YES	0.00	\$ 42,086.00	\$ -
National Semiconductor Corp.	608.00	578.00	\$ 57,989.00	YES	-30.00	\$74,092,702.00	\$ 314,313.00
NEMI Publishing Company, Inc.	57.00	67.00	\$ 33,332.00	YES	10.00	\$ 162,184.00	\$ -
NEPW Logistics, Inc.	55.00	51.00	\$ 31,372.00	YES	-4.00	\$ 900,000.00	\$ 10,000.00
Nestle Waters North America, Inc.	INF	INF	INF	INF	INF	INF	INF
Nichols-Portland	476.00	485.00	\$ 44,379.00	YES	9.00	\$ 1,026,000.00	\$ 628,000.00
NRF Distributors Inc.	317.00	333.00	\$ 32,513.00	YES	16.00	\$ 621,725.21	\$ -
ODAT Realty Holdings, Inc.	INF	INF	INF	INF	INF	INF	INF
Old Town Canoe Company	168.00	147.00	\$ 31,366.00	YES	-21.00	\$ 981,711.00	\$ 21,500.00
Olson Bierman Properties	INF	INF	INF	INF	INF	INF	INF
Olympia Sports	INF	INF	INF	INF	INF	INF	INF
Pegasus Broadcast Television	36.00	29.00	\$ 41,198.00	YES	-7.00	\$	\$ -
Pine State Trading Company	563.00	614.00	\$ 29,446.00	YES	51.00	\$13,698,921.00	\$ 17,857.00
Pittsfield Woolen Yarns	INF	INF	INF	INF	INF	INF	INF
Pleasant River Lumber Company	88.00	90.00	\$ 34,226.00	YES	2.00	\$ 1,788,956.00	\$ -
Pratt & Whitney Aircraft	1453.00	1488.00	\$ 46,823.00	YES	35.00	\$ 5,200,000.00	\$ 224,431.00
R&V Industries	INF	INF	INF	INF	INF	INF	INF
RGM Hampden, LLC	106.00	100.00	\$ 17,367.00	YES	-6.00	\$ 1,539,174.00	\$ 40,000.00
Robert Rosenthal, et al*	INF	INF	INF	INF	INF	INF	INF
RPM Realty, LLC	0.00	0.00	\$ -	\$0.00	0.00	\$ 980,000.00	\$ -
Rumford Power Associates	18.00	18.00	\$ 59,834.00	YES	0.00	\$ -	\$ 2,537.00
S.D. Warren Company	1558.00	1491.00	\$ 58,676.00	YES	-67.00	\$15,990,732.00	\$ 848,755.00
Saco Plaza, LLC	28.00	28.00	\$ 22,625.00	YES	0.00	\$ 30,805.00	\$ 11,780.00
Sanderson Development LLC	INF	INF	INF	INF	INF	INF	INF
Sensor Research & Development	30.00	24.00	\$ 60,418.00	YES	-6.00	\$ 8,232.00	\$ 8,305.00
Shipyard Brewing Company, LLC	36.00	35.00	\$ 28,514.00	YES	-1.00	\$ 126,470.00	\$ 11,335.00
SK Drive, LLC	0.00	0.00	\$ -	\$0.00	0.00	\$ 7,500,000.00	\$ -
Smith & Wesson Corporation	78.00	81.00	INF	YES	3.00	\$ 143,720.00	\$ -
Specialty Minerals Incorporated	20.00	19.00	\$ 57,667.00	YES	-1.00	\$ 552,875.00	\$ 35,000.00

Steag Hamatech	INF	INF	INF	INF	INF	INF	INF
Stratton Lumber Incorporated	58.00	55.00	\$ 37,473.00	YES	-3.00	\$ 1,207,000.00	\$ 95,000.00
Sysco Food Services of NNE	321.00	355.00	INF	YES	34.00	\$ 2,684,952.00	\$ 78,311.00
T & T Development, LLC	0.00	0.00	\$ -	\$0.00	0.00	\$ -	\$ -
Tambrands Incorporated	597.00	606.00	\$ 56,621.00	YES	9.00	\$30,100,000.00	\$1,120,000.00
Tom's Of Maine, Inc.	164.00	169.00	\$ 53,525.00	YES	5.00	\$ 5,000,000.00	\$ -
Transformit	INF	INF	INF	INF	INF	INF	INF
Transparent Audio	INF	INF	INF	INF	INF	INF	INF
Trans-Tech Industries, Inc.	59.00	67.00	\$ 36,716.00	YES	8.00	\$ 553,145.00	\$ 2,058.00
Unum-Provident Corporation	3380.00	3089.00	\$ 50,727.00	YES	-291.00	\$ 4,301,115.00	\$1,593,477.00
US Felt Manufacturing Company	37.00	27.00	INF	YES	-10.00	\$ 39,906.25	\$ 8,625.79
Village Candle, Inc.	INF	INF	INF	INF	INF	INF	INF
Volk Packaging Corporation	77.00	83.00	\$ 44,000.00	YES	6.00	\$ 207,289.00	\$ 20,000.00
Waterville Commons Associates	0.00	0.00	\$ -	\$0.00	0.00	\$ -	\$ -
Wausau Papers-Otis Mill, Inc.	252.00	249.00	\$ 52,939.00	YES	-3.00	\$ 436,279.00	\$ 24,005.00
West Falmouth Development, LLC	0.00	0.00	\$ -	\$0.00	0.00	\$ 183,471.00	\$ -
Westbrook Energy Center	23.00	23.00	\$ 58,967.00	YES	0.00	\$ 9,972,811.00	\$ 27,722.00
Woodlands of Brewer, LLC	27.00	21.00	\$ 18,375.00	YES	1.00	\$ 70,707.00	\$ 5,000.00
Wright Express, LLC	641.00	629.00	\$ 48,819.00	YES	-12.00	\$ 8,487,535.00	\$ 63,878.00
ZF Lemforder Corporation	294.00	243.00	\$ 33,888.00	YES	-51.00	\$ 1,851,667.00	\$ 119,029.00

 $INF = Not \ Filed$

E. Summary and Observations. ETIF and TIF are both programs that are performance-based, thereby mandating specific actions from each participating employer, and defining direct relationships between benefits and investments (both human and capital). It should be further noted that ETIF and TIF are *financing* programs specifically designed to assist with the debt service on investment projects.

Under ETIF, a business must create high quality jobs, withhold income taxes on those jobs, and remit the taxes, before the State of Maine will return a portion of the withheld taxes the following year. Under TIF, a company must make new investments in real estate and personal property, and pay taxes on the new value added to the municipality, before the municipality will return a portion of the new taxes to the company.

ETIF has remained fairly steady over the past several years. With the implementation of Pine Tree Zones, the Department expects the number of companies using ETIF as an incentive to expand employment will increase significantly over the next several years. The department's regional business development staff markets the program. Maximum attention is paid to business expansions that offer quality employment opportunities while requiring ETIF to proceed.

TIF is widely used today by municipalities as a "credit enhancement" to the financing of company expansions. It has also been used to benefit a community's economic development capacity. In the first ten years of the program, the risk was borne by the municipality; it issued bonds and hoped that a company's investment would generate enough new taxes to retire the debt. From 1985-1989, the department approved 16 TIF districts; during the five-year period 1990-1994, it approved 22 districts.

With the advent of credit enhancement agreements, the risk has shifted to the company, which borrows funds for the development project and is then assisted by the municipality in meeting the debt service requirements. Because taxes are directly related to the investment, most municipalities find it convenient to accomplish this by committing a percentage of the new taxes to the financing cost. From 1995-1999, the department approved 104 TIF districts. There are currently 116 TIF districts in existence.

The employer reports filed for calendar 2004 warrant observations about the overall value of ETIF and TIF:

According to the U.S. Department of Commerce, Bureau of Economic Analysis, April 2005, the average weekly wage for the state as a whole for 2004 was \$587.81. When calculated on an annual basis, this becomes \$30,566. By comparison, the average annual wage paid by the sixty-seven TIF companies who reported wages was \$44,175, or an average of \$850 per week for the 29,938 employees where wages were reported. This means that a typical TIF employer pays an average annual wage that is 45% higher than the average annual wage paid in Maine.

The average annual wage paid by reporting ETIF companies was \$42,061, or an average of \$808.87 per week for the 3,499 employees. This means that an ETIF company pays an average annual wage that is 38% higher than the average annual wage paid in Maine.

Every TIF company that provided a response to the "dental, health and retirement benefits" question circled one or more of the choices, and indicated that some portion of the benefit was paid for by the business.

Every ETIF company, as part of its application, must attest to the fact that its business provides employee access to health and retirement benefits, so the EDIR surveys from the thirteen ETIF companies coINFirmed this provision.

Even though TIF employers received a sizeable payment from municipalities in 2004, totaling some \$30,942,234 they did so only after making investment decisions that benefited the community and its citizenry. TIF companies reported investing \$456,394,224 in workers and property. Simply stated, for every \$1 employers received from the municipal TIF program, they spent \$14 on training and capital investments.

ETIF companies received a more modest payment of \$360,367in 2004, yet also had to meet local performance standards by hiring net new employees into high quality jobs that exceeded county per capita income levels and offered benefits. In addition, they invested \$11,763,004 in people and property. Simply put, for every \$1 of ETIF returned to employers, there were over \$32 in training and capital funds expended.

These are very simple calculations and make no attempt to address other obvious economic impacts of the two programs like the total new payroll added to a region, or the multiplier effect to an area when new jobs are created, and the temporary construction jobs that result from new investments. And no attempt has been made here to quantify the positive impact that reporting employers have had on supplier companies in Maine, but the impact is significant.

Companies indicated anecdotally that TIF and other incentives played a critical role in their decision to either stay, or expand operations in Maine. ETIF companies, as part of their

applications, must document the importance of the program since the expansion project could not go forward "but for" ETIF.

The EDIR process provides ample evidence that employers participating in the ETIF and TIF programs provide public benefits well above the average provided by all Maine employers. For example, they report paying above average wages, offering medical and retirement benefits, and making sizeable annual capital and training investments. Communities all across Maine have felt the positive, tangible impact of these two programs in the form of jobs created, jobs retained and an improved tax base. It has been a healthy trend. The department remains coINFident that, given their performance-based nature, these programs will continue to benefit Maine citizens and Maine employers.